

CHAPTER NO. 443

HOUSE BILL NO. 2101

By Representatives Coleman, Cobb, Fraley

Substituted for: Senate Bill No. 2372

By Senators Ketron, Person

AN ACT to amend Tennessee Code Annotated, Section 55-17-123, relative to motor vehicle sales licenses.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 55-17-123(d)(2), is amended by deleting the subdivision in its entirety and by substituting instead the following:

(2) "Producer" means any person, including related business entities, who manufactures or assembles new and unused motor vehicles in this state and qualifies for the tax credit provided in § 67-4-2109(c)(2)(H) on the effective date of this act.

SECTION 2. Tennessee Code Annotated, Section 55-17-123(d), is amended by adding the following as a new, appropriately designated subdivision:

(3) "Related business entity" means any person that has more than thirty-five percent (35%) direct or indirect ownership interest in a producer on the effective date of this act or is a one hundred percent (100%) owned subsidiary of a person who owns a one hundred percent (100%) interest in a producer on the effective date of this act.

SECTION 3. Tennessee Code Annotated, Section 55-17-123, is amended by adding the following as new, appropriately designated subsections:

(e)(1) A producer of motor vehicles may lease no more than three (3) motor vehicles (and provide any maintenance ancillary thereto) of the same line make as the producer or any related business entity produces, to each regular full-time working employee as defined in § 67-4-2109(c)(1)(B), under no less than an eighteen month closed-end lease; provided, that the total number of vehicles so leased shall not exceed the producer's total number of regular full-time working employees in this state.

(2) Any motor vehicle which is subject to a lease permitted under subsection (e) shall be purchased by the producer from any dealer of the same line make as the leased motor vehicle.

(f)(1) At the termination of any lease permitted under subsection (e), such motor vehicle may be held by the producer for no longer than ten (10) business days and shall be sold through a dealer, who sells new and unused motor vehicles of the same line make, to a regular full-time working employee of such producer. Each full-time working employee shall be entitled to purchase no more than one such motor vehicle per twelve-month period and must title the vehicle in their name and shall retain such motor vehicle for no less than one hundred eighty (180) days from date of purchase.

(2) Thereafter, those motor vehicles not purchased shall be sold at an auction limited to any franchised dealer who sells new or unused motor vehicles of the same line make as those being auctioned.

SECTION 4. The provisions of Section 3 shall take effect January 1, 2006 and shall sunset effective March 30, 2006. All other sections of this act shall take effect upon becoming law, the public welfare requiring it.

PASSED: May 26, 2005



JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES



JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 17th day of June 2005



PHIL BREDESEN, GOVERNOR